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LEOFF Plan 2 Member Handbook

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LEOFF Plan 2: Summary of selected features

Eligibility for Retirement	<ol style="list-style-type: none"> 1. You can retire with an <i>unreduced</i> retirement benefit at age 53 or older, if you have at least 5 service credit years. See page 10. 2. You can retire with a <i>reduced</i> benefit as early as age 50 if you have at least 20 service credit years. See page 10.
How Service Credit is Accumulated	You receive one service credit month for each calendar month in which you receive basic salary for 90 or more hours. Beginning September 1, 1991, you receive $\frac{1}{2}$ service credit month for any month in which you receive basic salary for at least 70 hours but less than 90 hours. You receive $\frac{1}{4}$ service credit month for any month in which you receive basic salary for less than 70 hours. See page 6.
Service Credit for Military Time	You may be eligible to purchase service credit for time spent in the military if you were working in a LEOFF position at the time you entered the military. See page 7.
Final Average Salary or FAS	The monthly average of your basic salary for the highest consecutive 60 service credit months prior to your retirement, termination or death.
Benefit Formula	$\text{Service Credit Years} \div 12 \times 2 \text{ percent} \times \text{FAS} = \text{Monthly Benefit}$. See page 10.
Benefit Limitation	There is no percentage limitation on the size of your retirement benefit.
Contribution Rates	Your future benefits are funded by contributions – made by you and your employer – and the investment earnings from the contributions. Contribution rates may be changed as necessary to reflect the cost of the Plan. See page 6.
Disability Retirement	If DRS determines that you are entitled to a disability retirement, your benefit will be determined by the same formula as a service retirement benefit. Your benefit will be actuarially reduced to reflect your age at the time benefits begin. See page 13.
Death in Service Survivor Benefit	If you die after you begin receiving a service or disability retirement, your survivors may be eligible to receive benefits according to the retirement option you chose. See page 11. If you die before accruing 10 years of service credit, your beneficiary receives your accumulated contributions. If you die with 10 or more years of service credit, your surviving spouse or the guardian of your minor children can choose between a lump sum payment or a continuing monthly benefit. See page 13. If you die as a result of an injury sustained in the course of employment, your designated beneficiary may be eligible to be paid a \$150,000 death benefit in addition to normal survivor benefits. See page 14.
Cost of Living Adjustment	On July 1 of every year following your first full year of retirement, your monthly benefit will be adjusted based on the Consumer Price Index up to a maximum of 3 percent. See page 15.

Plan 2

This handbook describes your retirement benefits under Plan 2 of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The Plan is designed to be an important source of income that — along with Social Security benefits (if you are eligible), personal savings and other investments — will help pay your living expenses when you retire.

Highlights

Here is a brief summary of the Plan's provisions.

- The Plan provides for:
 - Service retirement benefits at age 53, if you have five or more service credit years,
 - Reduced benefits at age 50, if you have at least 20 service credit years and choose early retirement, and
 - Disability retirement benefits and survivor benefits if you meet the Plan's requirements.
- You, your employer and the State all contribute toward your future benefits.
- You must remain a member of this Plan if you transfer from one LEOFF-covered position to another LEOFF-covered position.
- Your contributions are refundable only if you leave LEOFF-covered employment as a

fire fighter or law enforcement officer.

If you withdraw your contributions, you lose your right to future benefits. You may restore your withdrawn contributions and reestablish your benefits under certain circumstances. You cannot withdraw contributions made by the state or your employer.

- If you are a dual member, you may be able to combine service credit with that earned in certain other Washington State retirement systems in order to qualify for retirement.

Complete the Enrollment and Beneficiary Designation forms

If you are a new employee or you change employers, your employer will have you complete an Enrollment Form. This applies even if you are a former member who terminated membership by withdrawing your contributions or by retiring. The Enrollment Form provides the information needed to verify your eligibility for membership and to protect your contributions.

All new employees complete a Beneficiary Designation Form. This form identifies the person(s) or entity that you wish to receive your contributions in the event that you should die prior to retirement. You should update this form periodically if your personal situation changes. You can obtain this form from either your employer or DRS.

Summary Description

The actual rules governing your benefits are contained in state retirement laws. This handbook is a summary, written in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written in this handbook and what is contained in the law, the current law will govern.

Am I a member of the Plan?

Who Is a member?

Full-time "law enforcement officers" and "fire fighters" first hired on or after October 1, 1977, are covered by LEOFF Plan 2 and are required to become members of the Plan.

Law enforcement officers

A "law enforcement officer" is any person who is fully commissioned and empowered at any time to enforce the laws of the state of Washington generally, including full arrest powers, and employed by a LEOFF employer. Included are county sheriffs, deputy sheriffs, police chiefs, city police officers, town marshals or deputy marshals; or, effective January 1, 1994, general authority law enforcement officers employed by a state university or port district. In some cases, directors of public safety and public safety officers may qualify if they are employed by cities or towns of less than 10,000.

City police are considered law enforcement officers only if they have been appointed to offices, positions, or ranks specifically created and designated by city charter provision or by ordinance.

Excluded are:

- Non-commissioned persons in positions that are basically clerical or secretarial, and
- Deputy sheriffs who have not passed a civil service examination for deputy sheriff, and
- Any person serving as a director of public safety or public safety officer in any city or town with a population of less than 10,000, if that person was receiving a LEOFF retirement allowance on July 25, 1993.

Fire fighters

A "fire fighter" is any person who is employed in a uniformed fire fighter position by an employer on a full-time, fully compensated basis, and as a consequence of such employment, has the legal authority and responsibility to direct or perform fire protection activities that are required for and directly concerned with preventing, controlling and extinguishing fires. This includes supervisory fire fighter personnel.

"Fire protection activities" may include incidental functions such as housekeeping, equipment maintenance, grounds maintenance, fire safety inspections, lecturing, performing community fire drills and inspecting homes and schools for fire hazards. These activities qualify as fire protection activities only if the primary duty of the position is preventing, controlling and extinguishing fires.

Excluded are:

- Fire fighters who have not completed a civil service examination for fire fighter where the employer requires such examination, and
- Volunteer or resident volunteer fire fighters.

LEOFF-covered employers

"A covered employer" is any of the following to the extent that they employ any law enforcement officer and/or fire fighter:

- The authority of any city, town, county or district;
- The elected officials of any municipal corporation;
- The governing body of any other general authority law enforcement agency;
- A four-year institution of higher education having a fully operational fire department as of January 1, 1996.

Who pays for my benefits?

Defined benefit plan

Your future benefits are funded by contributions — made by you, your employer and the State during your period of membership — and the investment earnings from those contributions. These contributions are held in trust and invested by the Washington State Investment Board.

Your Plan is a defined benefit plan. This means that at retirement you will receive a benefit based on your service credit and final average salary. The amount of your contributions will not be a factor in calculating your retirement benefit.

Your contributions

You are required to contribute a percentage of your “basic salary” to LEOFF. “Basic salary” means salaries or wages earned during a payroll period for personal services, including overtime and tax-deferred wages, if any. Not included in basic salary are lump-sum payments for unused sick leave, unused vacation or annual leave, or any form of severance pay.

Pay for service in a State elective position may count as basic salary. Please contact LEOFF if you are elected or appointed to the Legislature or other State elective office.

Your contribution is deducted from your paycheck each pay period and forwarded to LEOFF. Some employers, at the option of the employer, deduct your contributions before calculating federal income taxes. This defers payment of the taxes until you or your beneficiary receives the money as either a benefit or a refund.

Your “accumulated contributions” are the member

contributions you make to LEOFF plus the interest added to your account by the Department of Retirement Systems (DRS).

The member contribution rate will be changed as necessary to reflect the costs of the Plan.

Loans, attachments and assignments of contributions

Because the Plan is designed to provide retirement income, you may not borrow from or against your contributions. See page 15 for more information.

How is my service counted?

Service credit

Service that counts toward determining your benefit is called “service credit.” The amount of your retirement benefit depends upon your time in service and your final average salary.

Service credit is provided only for service you render as a fire fighter or law enforcement officer after establishing membership in the Plan. You receive one service credit month for each calendar month in which you receive basic salary for 90 or more hours. No more than one service credit month may be obtained during any calendar month, even if you receive basic salary for more than 90 hours from each of two employers in a month.

Beginning September 1, 1991, you receive 1/2 service credit month for any month in which you receive basic salary for at least 70 hours but less than 90 hours. You receive 1/4 service credit month for any month in which you receive basic salary for less than 70 hours. Service credit years are calculated by dividing your total service credit months by 12.

EXAMPLE:**Calculating service credit**

Suppose you were hired August 1, 1988, and worked for a covered employer until January 18, 2002. In your final month of employment you earned basic salary for 85 hours. Your service credit would be as follows:

Period	Months
August 1988 through December 1988	5.0
January 1989 through December 2001	156.0
January 2002	<u>.5</u>
TOTAL	161.5

$161.5 \text{ months} \div 12 \text{ months} = 13.46 \text{ service credit years}$

Military service

You may be eligible to purchase service credit for time spent in the military by paying member contributions plus interest. To qualify you must have separated from LEOFF-covered employment to enter active military service, and entered the military on or after January 1, 1990. You must complete payment of these contributions prior to retirement or within five years from the time you resume employment, whichever comes first. Contact DRS for further information.

See "Leave of absence" if your military time occurred prior to 1990.

Duty-related temporary disability

If you become disabled in the line of duty, you may be eligible to purchase lost service credit for the time spent on temporary disability leave. Contact LEOFF for further information.

Leave of absence

You may purchase service credit for an unpaid leave of absence authorized by your employer. Leave of absence for military service is considered authorized under retirement system law. Service credit for leaves of absence is limited to a maximum purchase of two years during your career.

To purchase service credit for unpaid leave, you must make member, employer, and State contributions, plus interest, to LEOFF for the time on leave. Contributions are based on the average of your basic salaries at the time your leave began and the time you resume your employment. You must complete payment of the contributions prior to retirement or within five years from the time you resume employment, whichever comes first. Contact LEOFF for more information.

Part-time employment

Beginning June 13, 2002, LEOFF Plan 2 law enforcement members may work part-time and take a part-time employer-authorized leave of absence. Upon return to full-time employment the member is entitled to purchase service credit not earned during the period of part-time employment.

Vesting

When you have five or more service credit years in LEOFF, you have a vested right to a retirement benefit even if you leave covered employment. Your benefit will depend in part on how many service credit years you have earned.

If you earn at least five but less than 20 service credit years, and

- You leave LEOFF-covered employment before age 53, and
- Leave your contributions with LEOFF,

Your benefit at age 53 will be calculated using the benefit formula on page 10.

If you earn 20 or more service credit years; and

- You leave LEOFF-covered employment before age 53, and
- Leave your contributions with LEOFF, and
- Apply to receive your retirement benefits at age 53,

Your benefit amount will be determined by:

- Using the benefit formula on page 10, and
- By increasing that benefit amount by approximately 3 percent per year from the date you leave LEOFF-covered employment until the date of your retirement.

EXAMPLE:

Vesting with 20 years of service credit

Suppose you earn 240 service credit months (20 years) then leave your LEOFF-covered job at age 50 with a final average salary (FAS) of \$3,500 per month.

1. If you wait until age 53 to collect a benefit, your benefit would be calculated using the standard formula (see page 10) and amount to \$1,400. This amount would be increased by 3 percent each year from the time you leave employment until age 53, resulting in a starting benefit of approximately **\$1,530 per month**.

2. If you take early retirement at age 50, your retirement benefit would start at **\$1,274 per month**. (See page 12 on early retirement.)

What if I leave my LEOFF position?

Leaving your current LEOFF-covered position before you retire will have an impact on your benefits. The nature of the impact depends on where you are employed next and whether you withdraw your contributions from LEOFF.

Withdrawing your contributions

If you leave employment as a fire fighter or law enforcement officer in Washington State, you may withdraw your accumulated contributions. If you have 10 or more years of LEOFF service credit, you may withdraw 150 percent of your accumulated contributions. **You are not required to withdraw your contributions when you leave covered employment.** If you leave your contributions with LEOFF, your funds will continue to accrue interest and your service credit will be preserved for you in the event you return to employment as a law enforcement officer or fire fighter. See “Vesting” on page 7.

If you leave a LEOFF-covered position and leave your contributions in the Plan, please keep DRS informed of changes in your name, address and beneficiary.

Tax implications of withdrawing your contributions

In general, federal law requires DRS to withhold 20 percent of the tax-deferred portion of lump sum payments unless the funds are transferred directly to another eligible retirement plan. Federal law may also require an additional 10 percent tax be withheld if you are under age 59 ½. You can find more information about withholding penalties by reading *Withdrawal of Retirement Contributions*, a DRS information and

application packet that is available from your employer or DRS.

LEOFF is required to report all lump-sum payments and withdrawals to the Internal Revenue Service (IRS). It is your responsibility to account for the withdrawal on your tax return. For more information on this subject, contact the IRS or your tax adviser.

Restoring LEOFF service credit

To restore service credit in the Plan, you must return to covered employment. You must repay the amount withdrawn, plus interest, within five years of returning to service, or before you retire, whichever comes first. Full payment must be received by the statutory deadline date, or your service cannot be restored. No partial restorations can be allowed. You can learn more about restoration of service credit by obtaining the DRS brochure, *Plan 2 Recovery of Withdrawn or Optional Service Credit*. If you miss the deadline, see “Purchasing service credit” below.

Purchasing service credit

It is still possible to purchase withdrawn or optional service credit after the statutory deadline for restoration has passed. The cost for purchasing service credit after the deadline date is considerably more expensive. You can learn more about purchase of service credit by obtaining the DRS brochure, *Plan 2 Recovery of Withdrawn or Optional Service Credit*.

Employment with another covered employer

If your next job is in a LEOFF-covered position, your membership and service credit will normally continue. Your employer will ask you to complete a new Enrollment Form.

What if I've previously been a member of another retirement system?

Dual membership

If you establish membership in more than one retirement system, you may qualify as a dual member, even if your membership in another system has been terminated.

A dual member:

- Is or has been a member of LEOFF Plan 2,
- Is or has been a member of PERS, TRS, WSPRS, the Statewide City Employees' Retirement System, or the city retirement system of Seattle, Spokane, or Tacoma, **and**
- Has never been retired for service and is not currently receiving a disability retirement benefit from any public retirement system in the state of Washington.

Service credit for dual members

As a dual member, you may combine service credit from any of the retirement systems listed above to qualify for retirement. For example, suppose you are a LEOFF 2 member, 50 years old and have 19 LEOFF service credit years. If you also have 11 service credit years in PERS 1, you have a total of 30 service credit years — enough to retire immediately with an actuarially reduced benefit from LEOFF and a full benefit from PERS.

When you combine service credit to achieve eligibility for retirement but you are not old enough to retire from one of the systems:

- You may postpone receipt of that retirement benefit until a later date, or

- You may retire immediately with an actuarially reduced benefit. See “How does early retirement affect my benefits?” on page 12.

The provisions of each Plan determine the amount of the benefit from each Plan and when payments begin.

Restorations for dual members

If you are a dual member and wish to restore service credit in a system other than LEOFF, you must repay the amount withdrawn, plus interest, within two years of becoming a dual member or before you retire, whichever comes first. To determine how much you owe in order to restore service credit, write to the Department of Retirement Systems (Address on page 17). Include the following information in your letter:

- Your name, Social Security number, address and daytime phone number,
- The system in which you want to restore service credit,
- The approximate dates of each withdrawal and the periods of employment each represents, and
- The name(s) of the employer(s).

What is my service retirement benefit?

Eligibility

Your service retirement benefit depends on your final average salary (FAS) and your service credit years at retirement. You are eligible to retire:

- With a normal retirement benefit if you are age 53 or older and have at least five service credit years, or

- With an “actuarially reduced” benefit if you are at least age 50 and have at least 20 service credit years.

“Actuarially reduced” means benefit payments are reduced based on factors provided by the Office of the State Actuary. These factors are derived from statistics about life expectancy and projections about the Plan’s investment earnings. An actuarial reduction is necessary when benefits are going to be paid over a longer period of time or to more than one person.

If you meet the Plan’s age and service requirements and apply for retirement, the effective date of your retirement is the first day of the calendar month immediately following your separation from LEOFF service. You are separated from service on the date you terminate all employment with a LEOFF employer.

Benefit formula

Your monthly service retirement benefit is calculated using the following formula:

$$\text{Service credit months} \div 12 \times 2 \text{ percent} \times \text{FAS}$$

Final average salary (FAS) is the monthly average of your 60 consecutive highest-paid service credit months. Your FAS cannot include payments for any type of severance pay, such as lump-sum payments for deferred sick leave, vacation or annual leave. There is no limit on the number of service credit years which may be included in your benefit calculation.

EXAMPLE:**RETIREMENT AT AGE 53**

Suppose you retire at age 53 with 30 years and 2 months (362 months) of service. Your final average salary is \$4,000. Your monthly benefit will be \$2,413.32. Here is how it is calculated:

$$\begin{aligned} 362 \text{ months} \div 12 \times 2\% \times \$4,000 \\ 362 \text{ months} \div 12 = 30.166 \text{ years} \\ 30.166 \text{ years} \times 2\% = .60333 \\ .60333 \times \$4,000 = \$2,413.32 \end{aligned}$$

The calculation above is based on the standard benefit. Your benefit will be lower if you choose to continue benefits to a survivor upon your death. Benefit options are described below. You can use the LEOFF Plan 2 estimator on the DRS Internet site to estimate your benefit (<http://www.wa.gov/drs/estimate-unix/index.htm>).

What are my benefit options?

When you apply for a service or disability retirement, you must select a benefit option. If you are married, the law requires that you provide the written consent of your spouse to the benefit option you choose. This consent must be in writing and must be witnessed by a notary. **If consent is not provided, the law requires that an Option 3 benefit be paid with your spouse as beneficiary.** The Service Retirement or Disability Application contains the Spousal Consent Authorization.

OPTION 1**Standard Option**

This option pays you a benefit for your lifetime. If you die before the total benefits you receive equal your contributions plus interest at the date of retirement, the balance will be paid in a lump sum to your named beneficiary.

OPTION 2**Joint and 100 percent survivorship**

Under this option, you receive a benefit that is actuarially reduced. If your designated beneficiary survives you, the benefit amount remains the same and your beneficiary continues to receive it for his or her lifetime.

OPTION 3**Joint and 50 percent survivorship**

This option also provides a benefit that is actuarially reduced, but the reduction is smaller than in Option 2. If your designated beneficiary survives you, 50 percent of your benefit is paid to your beneficiary for his or her lifetime.

OPTION 4**Joint and 66.67 percent survivorship**

This option provides a benefit that is actuarially reduced. The reduction is smaller than in Option 2, but larger than in Option 3. If your designated beneficiary survives you, 66.67 percent of your benefit is paid to your beneficiary for his or her lifetime.

Changing a benefit option after retirement

Once you retire you may change your benefit option and beneficiary only by returning to active membership, **except in the following circumstances:**

- If you choose one of the survivor options (2, 3, or 4), and your designated beneficiary dies before you, your retirement benefit will be adjusted to the higher Option 1 benefit level. If your beneficiary dies before you, be sure to notify DRS.
- If you chose someone other than a spouse to be the beneficiary of a survivor benefit, you can change to Option 1 at any time after retirement by contacting DRS.

- If you retire under Option 1 then marry and remain married for at least one year, you may change your benefit option and name your spouse as beneficiary. To qualify for this opportunity, you must request the benefit option change within one year of the anniversary of your first year of marriage. If you opt for a survivor option, your monthly benefit will be actuarially reduced. This option can be used only once and is irrevocable.

Lump sum payment instead of monthly benefit

If your monthly benefit will be less than \$50, you may choose to take payment in a lump sum. To determine the lump sum, the projected value of your lifetime benefit will be compared with the total of your contributions plus interest. The greater amount will be paid to you. Anyone receiving such a payment is considered retired from LEOFF. This provision usually applies only to members who have a few years of service or are retired for disability.

How does early retirement affect my benefits?

If you have at least 20 service credit years, you may retire at or after age 50. Your benefit is actuarially reduced because you are likely to be receiving your benefit over a longer period of time. Reductions are 3 percent per year (0.25 percent per month) for the amount of time you retire prior to age 53.

Following are the approximate annual reductions in effect when this handbook was published. These percentages were passed by the Legislature in 2000. Your benefit is determined by the percentage in effect at the time your benefit begins.

Age at Retirement	Benefit as a Percentage of What You Would Receive at Age 53
50	91%
51	94%
52	97%
53	100%

EXAMPLE:

Retirement at age 50

Suppose you retire at age 50 with 20 service credit years (240 months) and final average salary of \$5,000. Because you are retiring early, your benefit is 91 percent of what it would be if you were 53 when you retired, with the same service credit and final average salary. Your monthly benefit of \$1,820 is calculated as follows:

$$\begin{aligned}
 &240 \text{ months} \div 12 \times 2\% \times \$5,000 \times 91\% \\
 &240 \text{ months} \div 12 = 20 \text{ years} \\
 &20 \text{ years} \times 2\% = .40 \\
 &.40 \times \$5,000 = \$2,000 \\
 &\$2,000 \times 91\% = \$1,820
 \end{aligned}$$

Suppose you work another two years. Your benefit at age 52, assuming you have two additional service credit years but the same final average salary, would be \$2,134 per month. In reality, your benefit would probably be higher because your final average salary would increase; however, the loss of the effect of a salary increase could be offset by your COLA. See "Can my benefits increase after I retire" on page 15.

What benefit will I receive if I become disabled?

Eligibility for disability retirement

If you become totally incapacitated for continued employment with a covered employer and you leave that employment as a result of the disability, you may be eligible to receive a disability retirement benefit. DRS determines whether a member is totally incapacitated.

Disability retirement benefit

If DRS determines that you are entitled to a disability retirement, your benefit will be determined by the same formula as a service retirement benefit (described on pages 10-11). Your benefit will be actuarially reduced to reflect your age at the time benefits begin. If you select a survivor option, your benefits will be further reduced, as described in "What are my benefit options?" on page 11.

If you are receiving a monthly disability retirement benefit, you may be subject to comprehensive medical examinations as required by LEOFF. If an examination reveals that you have recovered from your disability, your retirement benefit will be canceled and you will be ordered to return to duty.

Service credit for periods of temporary disability

In some cases you can obtain service credit for work time missed while on temporary disability leave. For information on this subject, refer to the *LEOFF Plan 2 Disability* brochure or speak with a Retirement Services Analyst. (See contact information on pages 17-18.) You can obtain a disability brochure from DRS or your employer. The brochures are also available on the DRS Internet site at <http://www.wa.gov/drs/member/leoff/l2dis.htm>.

What benefits do my survivors receive?

If you die after retirement

If you die after you begin a service or disability retirement, your survivors may be eligible to receive benefits according to the retirement option you choose.

If you die before retirement

If you die prior to retirement, your designated beneficiary (as listed with LEOFF) may be eligible for benefits. These benefits also apply to survivors of members who leave LEOFF-covered employment but do not withdraw their contributions.

Fewer than 10 years' service and ineligible to retire. If you die before you have 10 service credit years and before becoming eligible for retirement, your beneficiary receives all of your accumulated contributions. If you have no living beneficiary, your contributions are paid to your surviving spouse, or if none, to your legal representatives (your estate).

Ten or more years' service or eligible to retire. If you die with 10 or more service credit years or after becoming eligible to retire, your surviving spouse, or if none, the guardian of your minor children, may choose one of the following benefits:

- Payment of 150 percent of your accumulated contributions, or
- A monthly benefit calculated as if you had:
 - Elected a Joint and 100 Percent Survivorship Option, **and**
 - Retired on the date of your death.

If your spouse dies while receiving a survivor's retirement benefit and leaves a minor child or children, the children will continue to receive the benefit which was being paid to your surviving spouse. The benefit will be shared equally among the children and paid until they reach the age of majority.

If there is no surviving spouse at the time of your death, and you have minor children, the children are eligible to receive a benefit calculated the same as on page 11, but with the assumption that the ages of you and your spouse were the same at the time of your death.

If you have no surviving spouse or minor children, your accumulated contributions will be paid to your designated beneficiary. Contact DRS if you have additional questions.

When benefits begin

Survivor benefits are payable from the first day of the calendar month following the month in which a member dies.

If you die as a result of an injury sustained in the course of employment

DRS will pay a \$150,000 death benefit to your designated beneficiary if your death occurs as a result of injuries sustained in the course of employment as a law enforcement officer or fire fighter. A special Beneficiary Designation Form for this benefit is available from your employer. The completed form is retained by your employer. Eligibility to receive the benefit will be determined by the Department of Labor and Industries.

Designating a Beneficiary for LEOFF

You should keep your beneficiary designation in your LEOFF record up-to-date. The Beneficiary

Designation Form which is available from your employer and DRS, should be mailed to DRS.

As an active LEOFF member or as a retiree who chooses an Option 1 benefit payment, you may name a trust, your estate, an organization, or a person as your beneficiary. If you choose a survivor benefit option at retirement, you must select a person as your beneficiary.

If you marry, divorce or remarry prior to retirement, you should file a new Beneficiary Designation Form, even if your beneficiary remains the same. However, you should be aware that an ex-spouse may be able to attach your benefits under certain circumstances. (See page 15)

Once you retire you may change your benefit option and beneficiary only by returning to active membership, **except in the following circumstances:**

- If you chose one of the survivor options (2, 3, or 4), and your designated beneficiary dies before you, your retirement benefit will be adjusted to the higher Option 1 benefit level. If your beneficiary dies before you, be sure to notify DRS.
- If you chose someone other than a spouse to be the beneficiary of a survivor benefit, you can change to Option 1 after retirement.
- If you retire under Option 1 then marry and remain married for at least one year, you may change your benefit option and name your spouse as beneficiary. To qualify for this opportunity, you must request the benefit option change within one year of the anniversary of your first year of marriage. If you opt for a survivor option, your monthly benefit will be actuarially reduced. This option can only be used once and is irrevocable.

What if I return to work after I retire?

Your benefits may be affected if you return to work for a Washington public employer after retirement. In some cases, depending on the position and the extent to which you work, some or all of your retirement benefits may be suspended, and you may be required to make contributions to a retirement system.

Before you return to work, please call LEOFF to determine how your benefits will be affected. You will also find a brief summary of the return to work requirements for LEOFF in a brochure called *Thinking About Working After Retirement?* available from your employer or DRS.

Can my benefits increase after I retire?

On July 1 of every year following your first full year of retirement for service or disability, your monthly benefit will be adjusted by the percentage change in the Consumer Price Index (CPI-U) — Seattle, to a maximum of 3 percent per year.

Taxation and assignment of benefits

Federal income taxes

Most of your retirement benefit will be subject to federal income tax. The only portion that is exempt from tax is the part that was taxed before it was contributed. Many employers do not withhold federal income taxes from your retirement contributions.

After you retire, LEOFF will notify you of the portion of your contributions that has already been taxed. The IRS refers to this taxed amount as your “cost.” You must complete a W4-P form to tell LEOFF how much of your benefit should be withheld for taxes. If you do not, LEOFF will follow IRS rules requiring withholding as if you are married and claiming three exemptions.

Assignment and attachment of benefits

Retirement benefits are not generally subject to assignment or attachment. However, payments received by you in the form of retirement benefits or as a refund of your contributions may be subject to payment of court and administrative orders for spousal maintenance and child support, or payment of any orders authorized by federal law.

LEOFF is authorized to divide pensions between members and ex-spouses based upon court-ordered property division. If the divorce decree complies with the applicable law, LEOFF will send the property division payment directly to the ex-spouse. For more information, refer to the DRS brochure, *Can My Retirement Money Be Attached?*

Why does DRS need my Social Security Number?

DRS requests that you provide your Social Security Number when you are conducting business with the agency. Internal Revenue Code Sections 6041 (A), and 6109 authorize DRS to solicit your Social Security Number.

- The disclosure of your Social Security Number to DRS is mandatory.
- DRS will use your Social Security Number to ensure that any amounts disbursed under your account are properly reported to the Internal Revenue Service and as a reference number for tracking all data with regard to your retirement account.
- DRS will not disclose your Social Security Number to any party unless required by law.

When should I start planning for retirement?

Planning for retirement is an on-going process. The sooner you start the more likely you are to enjoy a comfortable and successful retirement. Here are some simple things you can do to help build your retirement plan:

- As soon as possible, attend one of DRS' Retirement Planning Seminars. These full-day sessions feature qualified speakers on a number of retirement subjects and are free of charge. The dates and locations for these seminars are announced in the member newsletter, *Retirement Outlook*, and on the DRS Internet site (<http://www.wa.gov/DRS/drs.htm>).
- If military service interrupts your LEOFF career, submit a copy of your DD214 to

DRS to determine if your active service is creditable. See page 7.

- Calculate your future retirement benefit using the Benefit Estimator on the DRS Internet site (<http://www.wa.gov/drs/estimate-unix/index.htm>). You can try a variety of retirement scenarios to see what works best for you.
- Because there are statutory time limits on restoring contributions withdrawn from your retirement plan, obtain a copy of the DRS brochure, *Plan 2 Recovery of Withdrawn or Optional Service Credit*, or access the publication on the DRS Internet site (<http://www.wa.gov/drs/member/pl2rest.htm>), and review the rules that apply to your situation.

As you get closer to retirement

Consider the following:

- Contact the Social Security office periodically to review your file's accuracy. The toll-free telephone number for Social Security information is 1-800-772-1213. You can also obtain valuable information about Social Security and Medicare by visiting the Social Security Internet Page (<http://www.ssa.gov>).
- Obtain a copy of Internal Revenue Service Publication 575, *Pensions and Annuities*, also available on the Internet (http://www.irs.gov/forms_pubs/pubs.html).
- If you are within a year of your retirement date, request an estimate of your benefit from DRS. DRS will return a retirement application with your estimate.

Applying for retirement

You can complete the entire retirement process via the mail. See DRS contact information on pages 17-18. If you prefer to visit DRS to review your account information and retirement options, Retirement Services Analysts are available to

assist you. Please call for an appointment.

If you write to DRS for specific information about your pension account, be sure to provide your Social Security Number and signature.

Administrative information

Payment of retirement benefits

Your retirement benefit accrues from the first day of the month following the date you terminate employment. Your benefit is paid at the end of each month and, in most cases, can be deposited directly in your bank or credit union account.

Benefit adjustments

If you receive an overpayment of your retirement benefit or withdrawal, DRS will require that the overpayment be repaid. If there is an underpayment, the Department will correct the error and pay you in full.

Petitions and appeals

Under DRS' internal review procedures, all "appeals," begin as "petitions." You may challenge a decision of a DRS administrator by filing a petition within 120 days of your receipt of the decision. A petition will be reviewed by DRS' Petition Examiner.

To file a petition, submit a detailed statement of:

- The relief you are requesting;
- The facts relating to your petition, including any relevant documents or sworn statements which support your request for relief;
- The legal basis for your petition, including any relevant legal provisions or precedents;

- The name and address of your legal counsel, if you choose to be represented; and
- Your name, address, Social Security Number and signature.

The Petition Examiner will ask for relevant information from the involved parties. Usually, this means you, DRS, and possibly your employer. After review, the Petition Examiner will enter a written decision and mail that decision to you by certified mail.

If you are not satisfied with the petition decision, you may file an appeal within 60 days of receipt of the decision. Included with your petition decision will be information describing how to file an appeal. An appeal will be heard by either DRS' Presiding Officer or an Administrative Law Judge.

Where can I find more information?

For more information about your rights and benefits under LEOFF Plan 2, write:

Department of Retirement Systems
Attn: LEOFF
PO Box 48380
Olympia, Washington 98504-8380

When contacting DRS be sure to provide your Social Security Number to allow identification of your account, your daytime telephone number, and your mailing address.

An individual conference with a LEOFF counselor can also be arranged by calling toll-free 1-800-547-6657. Olympia area callers please use (360) 664-7000. Office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays.

Other DRS publications for LEOFF Plan 2 members

All LEOFF publications are also available on the DRS Internet site. You can also obtain the following DRS publications from your employer or by calling DRS.

- *LEOFF Plan 2 Disability Retirement Benefits*
- *Thinking About Working After Retirement?*
- *Can My Retirement Money Be Attached?*
- *Plan 2 Recovery of Withdrawn or Optional Service Credit*
- *LEOFF Military Service Credit*
- *Withdrawal of Retirement Contributions* (This packet includes important tax and service credit recovery information as well as the necessary forms.)

DRS telephone listing

Law Enforcement Officers' and Fire Fighters' Retirement System

TDD Line (hearing impaired) (360) 586-5450
Toll Free TDD Number 1-866-377-8895
Central Reception 1-800-547-6657
Olympia area callers (360) 664-7000

The receptionist will transfer you to an employee who can provide assistance in areas such as:

- Benefit estimates
- Counseling appointments
- Death of member, retiree, or beneficiary
- Disability information
- Divorce settlements
- Eligibility for membership
- Final application for retirement
- Refunds (withdrawal of contributions)
- Restoration costs for withdrawn contributions

Other DRS-administered retirement systems

You can obtain information about these other DRS-administered systems by calling Central Reception.

- Teachers' Retirement System
- School Employees' Retirement System
- Public Employees' Retirement System
- Washington State Patrol Retirement System
- Judicial Retirement System
- Judges' Retirement Fund

Does DRS have an Internet site?

DRS maintains an Internet site that includes the most recent edition of this handbook and all other member publications for LEOFF and the other DRS-administered systems.

Also on the site:

- Recent issues of the member newsletter, *Retirement Outlook*,
- Information about recent retirement-related legislation,
- A Benefit Estimator that you can use for retirement planning purposes, and
- A variety of other information of interest to retirement system members and public employers in Washington State.

The address for the DRS site is:

<http://www.wa.gov/DRS/drs.htm>

You can contact DRS using e-mail

You can use e-mail to request specific information about your retirement system and plan, or your personal retirement account. When requesting information about your personal account, be sure to provide:

- Your name,
- Social Security Number,
- Retirement system and plan, and
- Daytime phone number.

Warning: Electronic mail messages on the Internet may not be secure. Your message may not be confidential; it may be possible for other people to read your e-mail message.

Contact DRS via e-mail: *recep@drs.wa.gov*

For Information about obtaining a copy of this publication in an alternate format, contact DRS Publications by calling (800) 547-6657 ext 47278. In the Olympia area call (360) 664-7278.